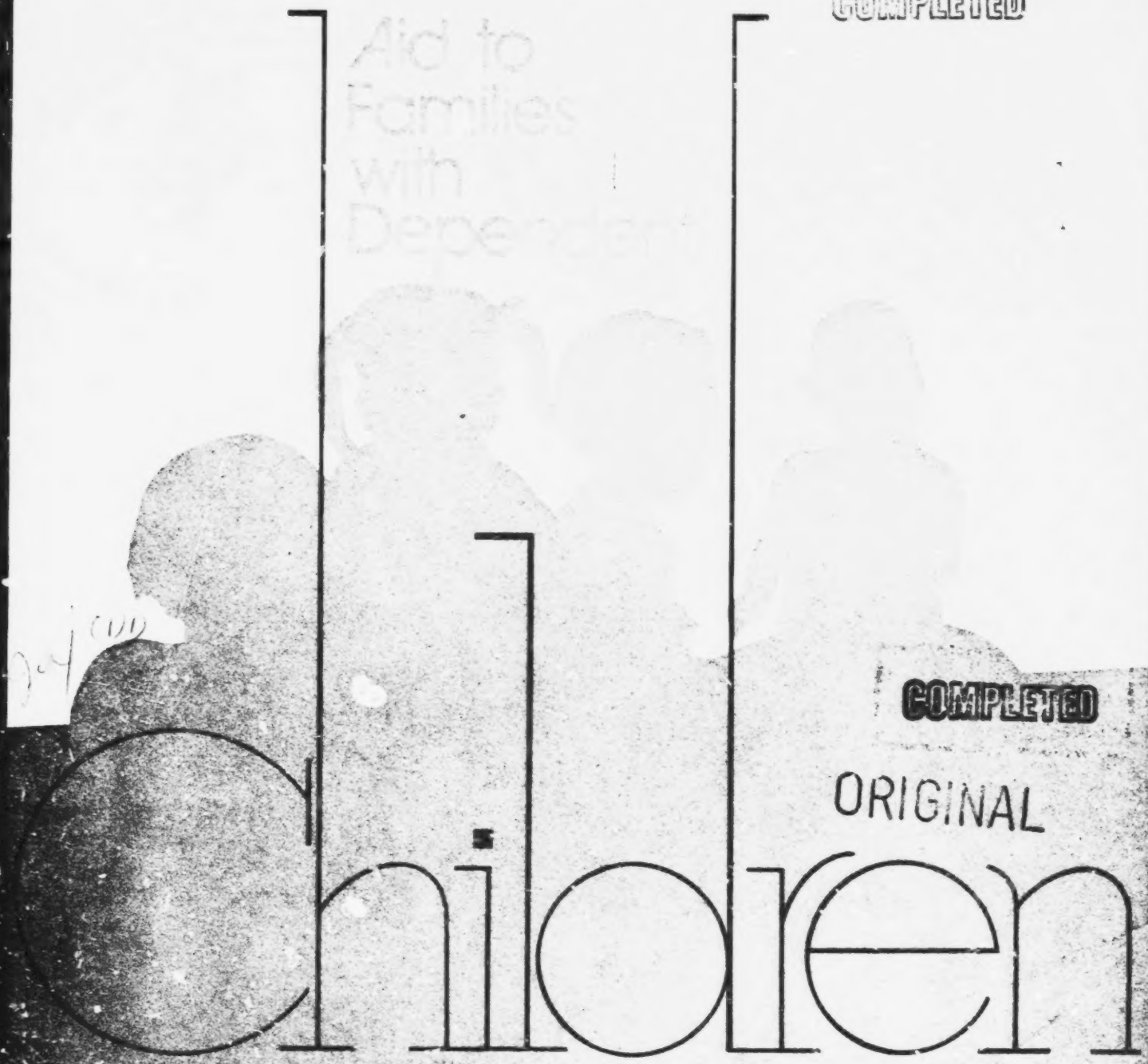
151
SEP 9 1987
516
HE3.2:Ai2

Findings of the May 1981-May 1982 Aid to Families with Dependent Children Study

Recipient Characteristics Financial Circumstances: the Effects of the Omnibus Reconciliation Act of 1981

U.S. Department of Health and Human Services
Social Security Administration
Office of Family Assistance
Office of Policy & Evaluation

COMPLETED



COMPLETED
ORIGINAL

Findings of the May 1981-May 1982 Aid to Families with Dependent Children Study

Recipient Characteristics Financial Circumstances: the Effects of the Omnibus Reconciliation Act of 1981

U.S. Department of Health and Human Services
Social Security Administration
Office of Family Assistance
Office of Policy & Evaluation

Aid to Families with Dependent Children

BLANK PAGE

Contents

		Page
Foreword		v
Introduction and Highlights of Study Findings		vi, vii
Part I.	**Demographic Characteristics of The Caseload in 1981 and 1982 and Recent Trends**	1
	AFDC Families and Households	2
	The AFDC Children	4
	The AFDC Parents	6
Part II.	**Financial Circumstances of AFDC Families in 1981 and 1982 and Recent Trends**	7
Part III.	**The Effects of OBRA**	11
	AFDC Cases with Earned Income	11
	AFDC Cases with a Stepparent Present in the Household	14
	Lower Age Limit for Eligibility of Dependent Children	15
	Other OBRA Provisions	15
Appendix A: Study Design and Reliability of the Estimates		17

List of National Tables

Part I. Demographic Characteristics of the Caseload in 1981 and 1982 and Recent Trends

Tables		
1	AFDC families: Number of adult recipients, by number of child recipients, May 1981	1
2	AFDC families: Number of adult recipients, by number of child recipients, May 1982	1
3	AFDC families, by age of youngest child, May 1981 and May 1982	2
4	Percent distribution of AFDC families by number of adult recipients, 1967-1982	2
5	AFDC families by number of persons in the AFDC assistance group, May 1981 and May 1982	2
6	AFDC families by number of persons in the household who are not in the assistance group, May 1981 and May 1982	2
7	AFDC families by number of persons in the household, May 1981 and May 1982	2
8	AFDC families, by relationship of persons in the household to the recipient children, May 1981 and May 1982	3
9	Children in households not recipients in the AFDC assistance group, by age, May 1981 and May 1982	3
10	Siblings in households not recipients in the AFDC assistance group, by age, May 1981 and May 1982	3
11	AFDC families, by number of months since most recent opening, May 1981 and May 1982	3

List of Tables—Continued

Page

12 AFDC recipient children, by reason deprived of support or care of parent, May 1981 and May 1982 4
13 AFDC recipient children by age and sex, May 1981 5
14 AFDC recipient children, by age and sex, May 1982 5
15 Parents in the home: by AFDC recipiency status and age, May 1981 6
16 Parents in the home: by AFDC recipiency status and age, May 1982 6
17 AFDC recipient parents in the home: by employment status, May 1981 6
18 AFDC recipient parents in the home: by employment status, May 1982 6

Part II. Financial Circumstances of AFDC families in 1981 and 1982 and Recent Trends

1 AFDC families, by presence and type of nonassistance income and resources, May 1981 and May 1982 7
2 Total and average amounts of assistance budget items, May 1981 and May 1982 8
3 Average monthly AFDC payment standard: Number of adults by number of child recipients, May 1981 8
4 Average monthly AFDC payment standard: Number of adults by number of child recipients, May 1982 8
5 Nonassistance income: Total and average amount per family with each type of income: May 1981 and May 1982 9
6 Percent of families with nonassistance income, total amount of income disregarded, by selected type of disregard, May 1981 and 1982 9
7 Average monthly AFDC payment: Number of adults, by number of child recipients, May 1981 10
8 Average monthly AFDC payment: Number of adults, by number of child recipients, May 1982 10

Part III. The Effects of OBRA

1 Comparison of Caretaker relatives' employment status in May 1981 and May 1982 11
2 AFDC cases with earnings by amount of earned income of caretaker relative 12
3 Earned income cases by amount of earned income disregarded for $30 plus one-third of remaining income in May 1981 and May 1982 12
4 Earned income case by amount of income disregarded for work expenses in May 1981 and May 1982 13
5 Amount of earned income by total amount of earned income disregarded in May 1981 and May 1982 14
6 AFDC earned income cases with AEITC payments counted May 1982 14
7 AFDC case with a stepparent in the household by recipient status of stepparent May 1981 and May 1982 15

Foreword

This report provides information on the demographic characteristics and financial circumstances of families who received assistance payments in May 1981 and May 1982 under the Aid to Families with Dependent Children (AFDC) program.

Biennially, from 1967 through 1979, detailed surveys were conducted to obtain the characteristics of AFDC recipients. These surveys were discontinued in favor of obtaining similar, and in some respects, better demographic and research data from the AFDC Quality Control review process which is now conducted throughout the nation on monthly samples of cases from each State. The information gathered through the quality control process has been expanded to include most of the essential demographic and household information usually collected in the previous surveys.

Implementation of the new system was originally to occur in October 1981 but was delayed to October 1982. This potential three year gap from March 1979 to October 1982 posed a significant problem because current, accurate characteristics data were needed not only to provide information to the public, legislators and program administrators, but also to form the database from which HHS and others simulate the effect of proposed program modifications. Compounding the problem was the fact that during this same period major policy changes which affected both the size of the AFDC caseload and the characteristics of recipients were enacted in the Omnibus Budget Reconciliation Act (OBRA) of 1981. In the face of these needs, this special, one-time project to abstract data from May 1981 and May 1982 quality control sample cases was undertaken to obtain a clear picture of the program population and to assess the changes in recipient characteristics that resulted from the OBRA. The data were abstracted from those cases onto a uniform coding document and compiled into the following tables by the Office of Family Assistance.

We gratefully acknowledge the cooperation of all State and local Welfare agency personnel who provided the information needed for the study.

Jo Anne B. Ross
Associate Commissioner
for Family Assistance

Introduction

The Aid to Families with Dependent Children (AFDC) program was established under title IV of the Social Security Act in 1935. Under formulae established in the Act, Federal grants reimburse a percentage of State expenses incurred in providing financial assistance to needy children and the needy relative(s) with whom they are living. To be eligible, a child must be deprived of parental support or care because of the continued absence, death or incapacity of a parent (all States) or (in nearly half of the States, at their option) because the parent who is the principle earner is unemployed. Each State establishes a need standard based on family size, and the eligibility of and the payment for a family are based on that standard.

Highlights of Study Findings

The Omnibus Reconciliation Act of 1981 (OBRA) was expected to reduce the size of the AFDC caseload and, to some extent, affect the characteristics of recipients receiving AFDC. In fact, the size of the aggregated caseload declined from a record high of about 3.9 million families per month just prior to implementation in 1981 to less than 3.6 million by June 1982; the universe of families used in the study were 3.7 million families in May 1981 and 3.4 million families in May 1982. (See Technical Appendix for explanation of smaller quality control universe.) OBRA had little effect on the overall demographic characteristics of the caseload except in the areas where changes were targeted: households with stepparents present, recipient children over 18 years of age unless still under 19 and completing their last year of schooling, employed parents, and the amount of disregarded income.

Other Highlights of the report include:

- The size of the AFDC families continued to decline, AFDC families averaged 2.0 children and most families (3 in 4) had only one or two children; 80 percent had only one adult.
- The children were somewhat younger than in 1979 with a median age of 7 1/2 and most mothers in the home were under 30 years of age.
- Unwed parentage became the leading basis of eligibility for AFDC in 1981 and 1982, supplanting martial breakup.
- There was a greater tendency towards shared households among AFDC families.

Demographic Characteristics of the Caseload in 1981 and 1982 and Recent Trends

AFDC Families and Households

Family Size and Composition

The size of AFDC families continued to decrease. The average number of recipients in an AFDC family was 2.9 persons in 1981 and 1982, down from 3.0 in 1979 and 4.1 in 1967 and 1969. This decrease in AFDC family size primarily reflects a decrease in the average number of child recipients. This average declined steadily during the 15 years since 1967 from 3.1 per family to 2.1 in 1979. For both 1981 and 1982, AFDC families averaged 2.0 children. Tables 1 and 2 show the number of adult AFDC recipients by number of child recipients for May 1981 and May 1982. Although there was a slight decline in one-child families in 1982 from 1981, the poportion was higher than that found in previous studies. Nearly three in four families had only one or two children in 1981 and 1982. By 1982, only one in 10 families had more than three children. This trend in numbers of children per family reflects the trend toward smaller families in the general population.

Table 1.—AFDC families: Number of adult recipients, by number of child recipients, May 1981

Child recipients	Total families[1]	Adult recipients		
		None	One	Two
			(Number)	
Total[2]	3,709,590	517,101	2,941,401	250,788
One	1,655,050	302,688	1,279,459	72,903
Two	1,059,347	140,779	843,950	74,318
Three	557,814	48,057	462,904	46,853
Four	237,081	16,975	189,312	30,794
Five	105,625	8,095	88,038	9,492
Six	35,662	172	29,386	6,104
Seven or more	26,046	335	17,929	7,782
			(Percent)	
Total	100.0	100.0	100.0	100.0
One	44.6	58.5	43.5	29.1
Two	28.6	27.2	28.7	29.6
Three	15.0	9.3	15.7	18.7
Four	6.4	3.3	6.4	12.3
Five	2.8	1.6	3.0	3.8
Six	1.0	0.0	1.0	2.4
Seven or more	0.7	0.1	0.6	3.1

[1] Totals include 300 families with more than 2 adult recipients.
[2] Totals include 32,965 families with no child recipients.

Table 2.—AFDC families: Number of adult recipients, by number of child recipients, May 1982

Child recipients	Total families[1]	Adult recipients		
		None	One	Two
			(Number)	
Total[2]	3,389,702	418,622	2,727,367	242,809
One	1,472,104	249,444	1,163,052	59,608
Two	1,042,048	104,120	854,104	83,824
Three	515,511	42,468	428,393	43,746
Four	204,515	13,398	169,482	21,635
Five	68,699	6,875	45,028	16,796
Six	34,390	629	24,861	8,900
Seven or more	20,933	1,688	14,423	4,822
			(Percent)	
Total	100.0	100.0	100.0	100.0
One	43.4	59.6	42.6	24.5
Two	30.7	24.9	31.3	34.5
Three	15.2	10.1	15.7	18.0
Four	6.0	3.2	6.2	8.9
Five	2.0	1.6	1.7	6.9
Six	1.0	0.2	0.9	3.7
Seven or more	0.6	0.4	0.5	2.0

[1] Totals include 904 familes with more than 2 adult recipients.
[2] Totals include 31,522 families with no child recipients.

There were an estimated 32,000 to 33,000 families during each study month in which there were no AFDC recipient children. This occurs when there is a pregnant woman with no children or when there is a disabled or blind child who is a recipient of Supplemental Security Income (SSI)—the parent who must care for the child may then be eligible for AFDC. One of the OBRA provisions allowed States to provide assistance for pregnant women but only in the third trimester of their pregnancy. This provision appears to have had little effect in reducing this category of recipiency.

Table 3 shows the age distribution of the youngest recipient child in an AFDC family. More than one-third of the families had a child under 3 and nearly 6 in ten had a pre-school child under six, proportions that were relatively unchanged from 1979.

TABLE 3.—AFDC families, by age of youngest child, May 1981 and May 1982

Age group of youngest child	May 1981		May 1982	
	Number	Percent	Number	Percent
Total families	3,676,625	100.0	3,358,200	100.0
0-2 years	1,373,585	37.4	1,186,703	35.3
3-5 years	746,461	20.3	801,276	23.9
6-11 years	982,522	26.7	836,801	24.9
12-14 years	299,162	8.1	287,856	8.6
15-17 years	234,143	6.4	221,310	6.6
18-20 years	40,752	1.1	24,254	0.7

Table 4 shows the percent distribution of families by the number of adult recipients for the 15 year time-period 1967-1982. The one-adult families remained relatively stable during the entire period, accounting for four out of five families, while two-adult families declined and no-adult families advanced. Families with no-adult recipients often included stepparent cases where the stepfather provided support for the mother. OBRA was expected to produce a decline in such cases for it provided that the stepfather's income, after certain disregards, be included in the AFDC grant computation. The decline, however, from 1981 to 1982 was not statistically significant, although data presented elsewhere in the report show that the narrower class of cases with a stepparent present did decline significantly.

TABLE 4.—Percent Distribution of AFDC families by number of adult recipients, 1967-1982

Year	Number of adult recipients		
	None	One	Two
1967	9.2	78.3	12.5
1969	9.5	78.6	11.9
1971	9.9	77.2	12.9
1973	10.4	80.0	9.6
1975	12.3	80.8	6.9
1977	14.1	78.8	7.2
1979	14.9	78.9	6.2
1981	13.9	79.3	6.8
1982	12.3	80.5	7.2

Household Size and Composition

The numbers of persons in the AFDC assistance group and household are presented in Tables 5-7. Although a majority of AFDC famlies continued to live by themselves (53 percent in 1981 and 52 percent in 1982), there was a significant decline in the proportion of such families, down from 59 percent in 1979 and 62 percent in 1977. The majority of households which were not composed exclusively of AFDC families contained only one or two other persons. Thus, despite the growing trend of AFDC families to share households with other individuals, the gradual decrease in the size of the assistance group left the distribution of total numbers of household members virtually unchanged in recent years.

TABLE 5.—AFDC families, by number of persons in the AFDC assistance group, May 1981 and May 1982

Number of persons	May 1981		May 1982	
	Number	Percent	Number	Percent
Total families	3,709,590	100.0	3,389,702	100.0
1	329,287	8.9	276,238	8.1
2	1,414,485	38.1	1,271,580	37.5
3	970,812	26.2	954,490	28.2
4	550,907	14.9	526,454	15.5
5	251,947	6.8	220,603	6.5
6	119,150	3.2	67,816	2.0
7 or more	73,002	2.0	72,521	2.1

TABLE 6.—AFDC families, by number of persons in the household who are not in the assistance group, May 1981 and May 1982

Number of persons	May 1981		May 1982	
	Number	Percent	Number	Percent
Total families	3,709,590	100.0	3,389,702	100.0
None	1,973,487	53.2	1,760,580	51.9
1	627,852	16.9	617,671	18.2
2	419,195	11.3	375,471	11.1
3	271,072	7.3	240,376	7.1
4	181,434	4.9	163,557	4.8
5	105,438	2.8	101,373	3.0
6	59,197	1.6	64,387	1.9
7 or more	71,915	1.9	66,287	2.0

TABLE 7.—AFDC families, by number of persons in the household, May 1981 and May 1982

Number of persons	May 1981		May 1982	
	Number	Percent	Number	Percent
Total families	3,709,590	100.0	3,389,702	100.0
1	5,574	0.2	4,039	0.1
2	712,650	19.2	637,982	18.8
3	936,372	25.2	883,843	26.1
4	802,850	21.6	760,879	22.4
5	536,429	14.5	445,871	13.2
6	329,475	8.9	252,712	7.5
7 or more	386,240	10.4	404,376	11.9

Table 8 shows the distribution of the relationships of persons in the household to the recipient children. The proportion of families with mothers and fathers in the home showed little change from 1979. Stepparent households (including a small proportion of stepmothers) which comprised 5.8 percent in 1977 and 6.1 percent in 1979, remained relatively stable through 1981. The decline in stepparent households from 6.6 percent in 1981 to 3.4 percent in 1982 is significant and can be directly attributed to the provision in OBRA regarding stepparent income which was discussed earlier. (See more detailed discussion in Part 3 on Impact of OBRA)

TABLE 8.—AFDC families, by relationship of persons in the household to the recipient children, May 1981 and May 1982

Persons in the household	May 1981		May 1982	
	Number	Percent	Number	Percent
Total families	3,709,590	100.0	3,389,702	100.0
Mother	3,412,670	92.0	3,063,239	90.4
Father	342,130	9.2	319,265	9.4
Stepparent	244,137	6.6	114,199	3.4
Grandparent	743,169	20.0	749,963	22.1
Nonrecipient siblings	567,131	15.3	437,738	12.9
Other relatives	717,031	19.3	709,018	20.9
Nonrelatives	199,222	5.4	224,898	6.6

There were substantial increases in the proportions of other relatives and persons in the AFDC household[1]. By 1982, grandparents were in 22 percent of the households up from 15 percent in 1979. Nonrecipient brothers and sisters were in over 15 percent of the households in 1981. However, many of these siblings were adults, and adult siblings were classified as other relatives in the earlier studies. Households with nonrecipient brothers and sisters who were children numbered 376,301 (10.1 percent) in 1981 up somewhat from 8.8 percent in 1979, but these declined to 247,311 (7.3 percent) in 1982. These children were often natural children of the stepfather and were supported by him. Nonetheless, AFDC households containing other relatives showed an appreciable gain in 1981 and 1982, up to over 20 percent from 14.6 percent in 1979.

Table 9 shows the age distribution of nonrecipient children in AFDC households and Table 10 is specific for brothers and sisters of the recipient children. There were over one million other children in AFDC households in 1981 and 1982. About one-third of them were brothers and sisters. Earlier studies have shown that about forty percent of these nonrecipient children were not deprived of support or care, over one-quarter were members of other AFDC assistance groups, about four percent were SSI recipients and another four percent were 18-20 year olds who were not enrolled in school. The OBRA legislation narrowed eligibility for these older children to include only those 18 year olds, at State option, who were expected to complete secondary school (or equivalent training) before their nineteenth birthday; thus there was an increase in the proportion of 18-20 year olds among the nonrecipient children in 1982. Nearly one in three of the nonrecipient children was under 6 years of age, the proportion being somewhat larger among siblings of the recipient children, and over 70 percent were under 16. These proportions are similar to those found in the 1979 study.

TABLE 9.—Children in households not recipients in the AFDC assistance group, by age, May 1981 and May 1982

Age group in years	May 1981		May 1982	
	Number	Percent	Number	Percent
Total nonrecipient children	1,324,596	100.0	1,139,257	100.0
Under 6	408,460	30.8	346,440	30.4
6-15	509,288	38.4	457,064	40.1
16-17	174,728	13.2	154,985	13.6
18-20	114,144	8.6	121,467	10.7
Unknown	117,976	8.9	59,301	5.2

[1] This finding may be a reflection of the method of gathering the data. The Recipient Characteristics Studies relied on information contained in the case record which may not have included an updated enumeration of all household members. The current study information was developed after interviews with the family

TABLE 10.—Siblings in households not recipients in the AFDC assistance group, by age, May 1981 and May 1982

Age group in years	May 1981		May 1982	
	Number	Percent	Number	Percent
Total nonrecipient siblings	469,647	100.0	328,821	100.0
Under 6	205,303	43.7	132,009	40.1
6-15	139,274	29.7	102,200	31.1
16-17	38,223	8.1	33,324	10.1
18-20	57,036	12.1	54,141	16.5
Unknown	29,811	6.3	7,147	2.2

Length of Time on the Rolls

AFDC families who received assistance in the study months had been on the rolls for a median of 26 continuous months. The length of time on the rolls is measured from the date of the most recent case opening through the study month. The median length of time on the rolls was down somewhat from 29 months in 1979, but consistent with 1977 and 1967 when the median duration of continuous recipiency was 26 months and 2.1 years, respectively. The distribution of families by number of months since most recent opening is shown in table 11. Three in 10 of the families had been on the rolls for one year or less and one in four had been on the rolls for five years or more. These findings have been fairly consistent over the years.

TABLE 11.—AFDC families, by number of months since most recent opening, May 1981 and May 1982

Months since most recent opening	May 1981		May 1982	
	Number	Percent	Number	Percent
Total families	3,709,590	100.0	3,389,702	100.0
1-6	620,559	16.7	622,954	18.4
7-12 (1 year)	506,839	13.7	452,990	13.4
13-18 (1½ years)	396,965	10.7	291,989	8.6
19-24 (2 years)	310,573	8.4	281,851	8.3
25-36 (3 years)	411,816	11.1	426,745	12.6
37-48 (4 years)	305,024	8.2	292,276	8.6
49-60 (5 years)	198,143	5.3	201,367	5.9
61-120 (10 years)	648,465	17.5	550,779	16.2
121-180 (15 years)	247,363	6.7	213,854	6.3
181-240 (20 years)	41,252	1.1	35,936	1.1
Over 20 years	20,959	0.6	17,998	0.5
Unknown	1,632	0.0	963	0.0

The AFDC Children

Basis of Eligibility

In order to be eligible for AFDC, a family with children must have income below a State-specified standard, and the children in the family must also be deprived of parental support or care because of the death, continued absence, or disability of a parent. In about half of the States the program also covers children in families in which the parent who is the principle earner is unemployed. Table 12 shows the distribution of children by these eligibility, or deprivation, factors.

TABLE 12.—AFDC recipient children, by reason deprived of support or care of parent, May 1981 and May 1982

Reason for deprivation	May 1981		May 1982	
	Number	Percent	Number	Percent
Total recipient children	7,340,926	100.0	6,624,202	100.0
Deprived because father is:				
Deceased	107,969	1.5	57,599	0.8
Incapacitated	303,703	4.1	229,492	3.5
Unemployed	372,840	5.1	399,111	6.0
Absent from home in armed forces	2,847	0.0	1,808	0.0
Divorced or legally separated	1,598,482	21.8	1,363,091	20.6
Nonlegally separated (Deserted)	1,470,176	20.0	1,260,438	19.0
Not married to mother	3,217,853	43.8	3,080,459	46.5
Other reason	169,657	2.3	102,642	1.5
Deprived because mother is not in home	70,765	1.0	84,506	1.3
Reason for deprivation is unknown	26,634	0.4	45,056	0.7

Unmarried parentage superseded marital breakup (divorce and separation) as the leading basis of eligibility for AFDC in the study. This major shift in the leading cause for AFDC eligibility was anticipated because the proportion of AFDC children of divorced and separated parents which peaked at 48 percent in 1975 declined to 45 percent by 1979 and to 40 percent in 1982. During the same time, the proportion of children of unmarried parents began a rapid advance from 31 percent in 1975 to 38 percent in 1979 and to over 46 percent by 1982. Out-of-wedlock births have quadrupled in the general population since 1950,[3] and during the period 1975 through 1980, out-of-wedlock births rose by nearly 30 percent from 14.2 to 18.4 percent of total births. Among black births more than half were out-of-wedlock in 1980, and there has been a faster rate of increase in out-of-wedlock white births. This general population trend appears to be a driving force in the program because our findings show that the majority of out-of-wedlock births resulted in AFDC recipiency. There were 366,000 children who were born out-of-wedlock in 1980 in the May 1981 AFDC caseload. They represented 55 percent of the 666,000 out-of-wedlock births which occurred in 1980.[4]

The smaller proportion of children eligible because their fathers are deceased has continuously declined from 5.5 percent in 1967 to about 1 percent in 1982. Children of disabled or incapacitated fathers have also steadily declined over the 15 year period from nearly 14 percent to the 1982 level of 3.5 percent. Unemployed fathers have accounted for a relatively stable proportion of AFDC children since 1967, ranging from 4 to 6 percent over the time period. There were no significant differences in the distribution of children by basis of eligibility between 1981 and 1982. However, the decrease in the proportion of children of divorced and separated parents and the increased proportion of children of unwed parents since 1979 were significant. (Confidence intervals are somewhat narrower than those shown in the report because of the greater reliability of the 1979 estimates.)

Age and Sex

The AFDC children were slightly younger in 1981 and 1982 averaging about 7½ years of age compared with 8½ in 1979. Tables 13 and 14 show the age and sex distribution of the AFDC children for the two study months. The proportion of children under 6 rose significantly from 36.5 percent in 1979 to over 41 percent in 1982. In contrast the proportion of older children over 13 declined significantly from 20 to 17 percent. In a reversal of recent findings, girls slightly out-numbered boys in 1981, however, in 1982, the sex distribution reverted to its usual pattern.

[3] National Center for Health Statistics, *Vital Statistics of the United States*, Annual Natality for 1979. Advance Report of Final Natality Statistics, 1980.

[4] Ibid.

TABLE 13.—AFDC recipient children, by age and sex, May 1981

Age in years	Sex		
	Total	Male	Female
	(Number)		
Total	7,340,926	3,608,530	3,664,972
Under 1	558,797	269,890	235,583
1	518,701	237,993	277,846
2	491,077	232,971	255,303
3	485,000	229,757	254,333
4	456,067	240,580	212,627
5	401,032	187,741	210,445
6	401,044	202,099	198,945
7	402,661	189,865	212,208
8	379,099	201,573	177,227
9	393,023	183,795	208,595
10	384,492	201,856	182,626
11	380,218	170,246	209,972
12	342,514	165,519	176,995
13	323,147	159,494	163,354
14	323,846	161,148	162,698
15	323,208	165,338	157,870
16	299,544	139,175	160,369
17	273,916	139,936	133,980
18	131,035	80,834	50,201
19	47,550	30,130	17,420
20	24,965	18,590	6,375
	(Percent)		
Total	100.0	100.0	100.0
Under 1	7.6	7.5	6.4
1	7.1	6.6	7.6
2	6.7	6.5	7.0
3	6.6	6.4	6.9
4	6.2	6.7	5.8
5	5.5	5.2	5.7
6	5.5	5.6	5.4
7	5.5	5.3	5.8
8	5.2	5.6	4.8
9	5.4	5.1	5.7
10	5.2	5.6	5.0
11	5.2	4.7	5.7
12	4.7	4.6	4.8
13	4.4	4.4	4.5
14	4.4	4.5	4.4
15	4.4	4.6	4.3
16	4.1	3.9	4.4
17	3.7	3.9	3.7
18	1.8	2.2	1.4
19	0.6	0.8	0.5
20	0.3	0.5	0.2

TABLE 14.—AFDC recipient children, by age and sex, May 1982

Age in years	Sex		
	Total	Male	Female
	(Number)		
Total	6,622,394	3,323,546	3,287,701
Under 1	461,161	221,543	232,153
1	473,818	241,676	232,142
2	453,570	249,865	203,705
3	441,804	223,434	217,481
4	482,723	227,915	254,808
5	410,487	212,747	197,740
6	396,691	203,816	192,875
7	358,859	179,837	179,022
8	380,960	181,437	198,294
9	323,556	150,228	173,328
10	342,534	161,649	179,996
11	339,698	174,015	165,683
12	321,448	168,140	152,994
13	309,456	152,041	157,415
14	284,384	145,477	138,907
15	271,267	138,233	132,673
16	274,420	146,832	127,588
17	195,823	90,699	105,124
18	82,502	42,240	40,262
19	12,744	8,106	4,638
20	3,585	2,712	873
	(Percent)		
Total	100.0	100.0	100.0
Under 1	7.0	6.7	7.1
1	7.2	7.3	7.1
2	6.8	7.5	6.2
3	6.7	6.7	6.6
4	7.3	6.9	7.8
5	6.2	6.4	6.0
6	6.0	6.1	5.9
7	5.4	5.4	5.4
8	5.8	5.5	6.0
9	4.9	4.5	5.3
10	5.2	4.9	5.5
11	5.1	5.2	5.0
12	4.9	5.1	4.7
13	4.7	4.6	4.8
14	4.3	4.4	4.2
15	4.1	4.2	4.0
16	4.1	4.4	3.9
17	3.0	2.7	3.2
18	1.2	1.3	1.2
19	0.2	0.2	0.1
20	0.1	0.1	0.0

The AFDC Parents

Recipiency status

Over 90 percent of the AFDC families had a mother in the home and 9 percent had a father in the home in 1981 and 1982. These proportions have been relatively consistent over the years. Another consistent finding was that 90 percent of the mothers were AFDC recipients in 1981. However, by 1982 the proportion had increased to 93 percent. This was largely because families in which mothers had remarried and were supported by stepfathers had the stepparent income, after certain disregards, deemed available to the children, and in most cases were no longer eligible for AFDC after OBRA. In contrast a significantly higher proportion of fathers in the home were AFDC recipients in both 1981 and 1982, rising from 75 percent in 1979 to about 83 percent.

Age

The median age of the AFDC mother which dropped continuously during the survey years from 33.2 in 1967, declined again in 1981 to 28.5, but rose to the 1979 level of 28.7 in 1982. The father's median age also continued to decline in 1981 but it, too, rose in 1982. Most mothers, as in 1979, were under the age of thirty. About one-third of the fathers were under thirty in 1981, but by 1982, fewer than one in four fathers was under thirty. About one in thirteen mothers was a teenager.

Tables 15 and 16 show the recipiency status and age distribution of the AFDC parents in the home in 1981 and 1982.

TABLE 15.—Parents in the home: by AFDC recipiency status and age, May 1981

Recipiency status and age	Mother		Father	
	Number	Percent	Number	Percent
Total parents	3,412,670	100.0	342,130	100.0
Recipiency status:				
Received AFDC	3,076,928	90.2	283,924	83.0
Did not receive	335,742	9.8	58,206	17.0
Age:				
Under 20	261,938	7.7	3,752	1.1
20-29	1,677,009	49.1	120,025	35.1
30-39	930,792	27.3	92,124	26.9
40 and older	526,414	15.4	120,649	35.3
Unknown	16,517	0.5	5,580	1.6
Median	28.5		33.9	

TABLE 16.—Parents in the home: by AFDC recipiency status and age, May 1982

Recipiency status and age	Mother		Father	
	Number	Percent	Number	Percent
Total parents	3,063,239	100.0	319,265	100.0
Recipiency status:				
Received AFDC	2,850,312	93.0	263,499	82.5
Did not receive	212,927	7.0	55,766	17.5
Age:				
Under 20	226,976	7.4	2,955	0.9
20-29	1,483,643	48.4	73,859	23.1
30-39	910,985	29.7	110,315	34.6
40 and older	429,829	14.0	129,822	39.4
Unknown	11,806	0.4	6,314	2.0
Median	28.7		36.7	

Employment status

In May 1981, about 12.7 percent of the recipient mothers and 8.9 percent of the recipient fathers were employed. The majority of employed mothers held full-time jobs (7.5 percent) while the majority of employed fathers worked part-time (4.8 percent). Employment was irregular only for a small minority of both mothers and fathers.

By May 1982, employment among recipient parents was nearly halved, with only 6.4 percent of the mothers and 5.1 percent of the fathers working. Almost all of this reduction occurred in full-time employment with only 1.5 percent of mothers and 1.2 percent of fathers so employed.

This sharp drop in employment among AFDC parents was the direct result of OBRA which imposed limitations on the amount of nonassistance income which could be disregarded. More detailed discussions of nonassistance income and disregarded income, and the effects of OBRA are contained below in Part 3 of this report.

The 1981 and 1982 data on employment status of parents are more limited and not exactly comparable to information contained in previous studies. Employment was known only for those adults who were also recipients of AFDC. In 1979, 14 percent of all mothers and eleven percent of all fathers in the home were employed. The employment status of adult AFDC recipients in 1981 and 1982 is shown in Tables 17 and 18.

TABLE 17.—AFDC recipient parents in the home: by employment status, May 1981

Employment status	Mother		Father	
	Number	Percent	Number	Percent
Total recipient parents	3,075,928	100.0	283,924	100.0
Not employed	2,669,281	86.7	258,653	91.1
Employed:				
Full-time	231,734	7.5	8,343	2.9
Part-time	154,270	5.0	13,553	4.8
Irregularly	21,643	0.7	3,375	1.2

TABLE 18.—AFDC recipient parents in the home: by employment status, May 1982

Employment status	Mother		Father	
	Number	Percent	Number	Percent
Total recipient parents	2,850,312	100.0	263,499	100.0
Not employed	2,666,488	93.6	249,958	94.8
Employed:				
Full-time	43,853	1.5	3,111	1.2
Part-time	129,356	4.5	8,495	3.2
Irregularly	10,615	0.4	1,935	0.7

Financial Circumstances of AFDC Families in 1981 and 1982 and Recent Trends

When a family applies for AFDC, the local welfare agency considers the income and resources of the children, their parents and other persons requesting assistance. All types of income must be considered. This includes the earnings of the parents and others in the assistance group, certain nontaxable income such as Social Security, VA and Workers' Compensation benefits, and a variety of cash income from other sources. At their option, States may exclude noncash income. The family is not eligible for assistance if all such income, less appropriate disregards, exceeds the need standard established by the State.

Each State specifies the amounts and types of liquid assets and property that the family may have for future and current needs. Under OBRA, the limit on such resources is no more than $1,000 per family excluding real property used as a home, and a car of no more than $1,500 equity value. States may also exclude household goods, and clothing essential to day-to-day living. The value of other real and personal property and liquid assets such as stocks, bonds, face value of life insurance are all counted, and if, in total, they exceed the established limit, the family is not eligible for assistance. A family which is eligible for benefits under the AFDC program is also eligible for Medicaid benefits and often other programs such as Food Stamps, and social services.

To determine the AFDC payment, the public welfare agency prepares a budget for the family. The major elements of the budget are (a) the payment standard established by the State (States cannot always meet the established need standard because of fiscal restraints, thus, they apply a reduced standard in computing the amount of the AFDC payment), (b) nonassistance income available to the family, (c) the amount of nonassistance income disregarded, and (d) the resultant AFDC payment. Generally, to determine the AFDC payment, net nonassistance income (after income disregards) is subtracted from the payment standard.

Budget summary

As in 1979, fewer than one in five of the 3.7 million families receiving AFDC in 1981 had any other income. By 1982, the ratio dropped to one in eight of the 3.4 million families. In both years almost two-thirds had no countable resources. The distribution of AFDC families by type of nonassistance income and resources is shown in Table 1.

TABLE 1.—AFDC families, by presence and type of nonassistance income and resources, May 1981 and May 1982

Presence and type of nonassistance income and resources	May 1981		May 1982	
	Number	Percent	Number	Percent
Total families	3,709,590	100.0	3,389,702	100.0
Nonassistance income:				
None	3,049,286	82.2	2,962,020	87.4
Earned income	436,036	11.8	194,589	5.7
OASDI benefits	111,765	3.0	85,399	2.5
Other pensions or benefits	56,326	1.5	48,588	1.4
Contributions	48,229	1.3	37,989	1.1
Other cash income	45,351	1.2	81,358	2.4
Resources:				
None	2,393,430	64.5	2,220,453	65.5
Real property	268,979	7.3	234,739	6.9
Life insurance	459,994	12.4	379,828	11.2
Other	941,550	25.4	852,977	25.2

AFDC payments totalled over $1 billion in both May 1981 and May 1982, while all other income totalled $210 million in 1981, then declined sharply to $95 million by 1982. As in the past, more than one-half of the nonassistance income was not counted in 1981, but by 1982, only about 41 percent was disregarded. The 1982 decline in families with other income and the amount of that income is a direct effect of OBRA which limited gross nonassistance income to 150 percent of the State's need standard. The amount of money which could be disregarded for work expenses and child care were also limited by OBRA provisions. Further, most of the income which was disregarded prior to enactment of OBRA was attributable to the $30 + 1/3 disregard under which the first $30.00 of earned income plus 1/3 of all remaining earned income is not counted in computing the AFDC payment. OBRA limited the duration of this disregard to four months and applied it to net rather than gross income. On the average, AFDC families received $279 in AFDC payments in 1981, an increase of 10 percent from 1979 and had $59 in other income, up slightly from 1979. By 1982, AFDC payments averaged $299, an increase of 7 percent from 1981, but other income averaged only $28 per family, a 53 percent decline. The budget items are summarized in Table 2.

Standard of need

Each State must establish, in dollar terms, the amount of money it deems essential to meet a minimal standard of living. This need standard covers such

TABLE 2.—Total and average amounts of assistance budget items, May 1981 and May 1982

1982 Budget items	May 1981 Amount (in thousands)	May 1981 Percent	May 1982 Amount (in thousands)	May 1982 Percent
Monthly payment standard	1,165,329	100.0	1,117,582	100.0
Nonassistance income:				
Gross	219,223	18.8	94,644	8.5
Disregarded	125,743	10.8	38,457	3.4
Net	93,480	8.0	56,187	5.0
AFDC payment	1,036,407	88.9	1,012,110	90.6
	(Average amount)			
Monthly payment standard	314.14		329.70	
Nonassistance income:				
Gross	59.10		27.92	
Disregarded	33.90		11.35	
Net	25.20		16.58	
AFDC payment	279.39		298.58	

items as housing, food, clothing, personal and household items and utilities and varies by size and composition of family. Some States budget a single amount to cover all items, while other States will budget separate amounts for such items as housing. In addition, some families may have special needs such as special diets, transportation, etc. for which some States will add to the basic need standard.

Unlike the previous characteristics studies, the standards presented in this report are the payment standards, i.e. the reduced standards that some States must use when met with budgetary constraints, instead of the need standards. In 30 States, comprising 62 percent of the caseload, the need and payment standard were the same in July 1981.

In May 1981, the most common family size of 1 adult and 1 child (34 percent of the caseload) averaged $264 in requirements and the mean family size of one adult and two children (23 percent of the caseload) averaged $332 in requirements that were met by the States. By May 1982, requirements averaged $273 and $351 for the two family sizes, an increase of somewhat less than four percent for the one adult/one child family and 6 percent for the one adult/two children families. The standards by family size for May 1981 and May 1982 are shown in Tables 3 and 4.

TABLE 3.—Average monthly AFDC payment standard: number of adults, by number of child recipients, May 1981

Child recipients	Adult recipients: None	One	Two
One	163.62	264.49	373.60
Two	229.53	328.50	452.10
Three	266.26	389.68	471.51
Four	346.21	428.93	547.37
Five	337.65	504.67	553.74
Six	#	525.60	548.06

#Average not computed: one or no sample cases.

TABLE 4.—Average monthly AFDC payment standard: number of adults, by number of child recipients, May 1982

Child recipients	Adult recipients: None	One	Two
One	150.26	273.04	374.01
Two	247.80	350.99	454.98
Three	316.29	401.67	512.12
Four	351.21	450.25	565.08
Five	457.65	467.48	591.04
Six	576.00	603.10	803.39

Nonassistance income

The proportion of families with nonassistance income shows a steady erosion over the survey years. In the 1967-1969 surveys, 45 percent of families had nonassistance income. The data for the years prior to 1977, however, included families who received support from an absent parent. After the establishment of the Child Support Enforcement Program (title IV-D of the Social Security Act) in 1975, AFDC applicants were required to assign support rights to the States. Thus, child support payments were not usually considered income to the family in the later survey years. Nonetheless, a maximum of only 14-15 percent of AFDC families received payments from an absent parent in 1967-69. Social Security benefits were received by a substantially higher proportion of families (over 7 percent), surely attributable to the higher proportions of children of deceased and disabled fathers in the surveys of the late 1960s. There was also a greater proportion of families with earnings (around 16 percent).

By 1973, the proportion of families with nonassistance income had declined rather drastically to 33 percent, with a sizable drop in families with child support payments (9.3 percent), and a substantial drop in families receiving Social Security benefits (4.4 percent). Families with earnings, however, remained constant at 16 percent.

By the 1977 survey year, after enactment of the Child Support Enforcement Program, families with nonassistance income had declined to 21.8 percent, with only about 12.8 percent having earned income. In 1979 the proportion of earned income cases remained the same as in 1977 but by 1981 there was another decline to 11.8 percent. The decline in families with nonassistance income is probably due, in part, to such factors as increasing numbers of younger recipient children whose mothers are not required to participate in work activities; the declining number of children with deceased parents and an increasing number for whom there was never a family relationship with father's support; higher minimum wages and smaller family sizes which would make a family immediately ineligible once employed; the general decline in some occupational categories in which AFDC recipient mothers were employed in the earlier years such as private household workers; and overall higher unemployment rates.

In 1981, earnings accounted for over 83 percent of the nonassistance income. By 1982, earnings declined as a source, accounting for only 55 percent of nonassistance income. Family earnings rose to $421 per

family with such income in 1981, a ten percent increase over 1979, but dropped sharply to only $267 by May of 1982, as a result of OBRA making families with higher incomes ineligible. Social Security benefits remained the second source of nonassistance income in 1981. "Other 'cash' income," the second ranking source of nonassistance income in 1982, was often disregarded. These monies were rarely included in previous studies because they are not considered in the budget, thus, Social Security benefits remained the second ranking source of income in 1982. Table 5 shows the financial amounts of nonassistance income in detail, and Table 1 itemizes the families with such income, although in lesser detail.

TABLE 5.—Nonassistance income: total and average amount per family with each type of income: May 1981 and May 1982

Type of nonassistance income	May 1981		May 1982	
	Total (in thousands)	Average per family	Total (in thousands)	Average per family
Total, one or more source	219,223	331.13	94,644	218.74
Earnings	183,119	420.97	52,080	267.39
Social Security	15,391	136.18	12,415	145.38
Unemployment Compensation	9,747	326.46	8,391	256.23
Worker's Compensation	274	123.00	224	194.34
Other benefits	3,825	156.05	1,982	116.07
Contributions from other persons in homes	4,803	97.65	2,160	63.92
Deemed net income	(not applicable)		1,823	156.22
Other cash income[1]	2,062	45.39	15,569	196.15

[1] Includes disregarded income such as Basic Education Opportunity Grants. Comparisons between years may be unreliable because of differences in the coding of this variable in the two periods.

Disregarded Income

The Federal Public Assistance amendments of 1967 established mandatory earned income disregards which became effective on July 1, 1969. States were required to disregard all earnings of a child recipient who was in school and not employed full-time and the first $30 plus 1/3 of the remaining gross earned income of other persons in the assistance group. "Reasonable" work expenses also had to be disregarded. The disregards created by the legislation were intended to be work incentives for AFDC families. However, as reported earlier, no upward trends occurred in the proportions of AFDC families with earned income while the amendments were in effect. In 1981, OBRA altered some of these provisions and a detailed discussion of the effects of the OBRA legislation is contained in Part 3.

Overall, in May 1981, 65 percent (down from 71.4 percent in 1979) of families with nonassistance income had some of it disregarded. As in all of the previous surveys since the 1967 amendments were in effect, most of the disregarded amount pertained to the $30 plus 1/3 disregard (57.4 percent) All other reported disregarded income was employment expenses or child care. In May 1982, a maximum of 57 percent of families with income had some of it disregarded. Although, fewer families had the $30 plus 1/3 disregard, it accounted for 35.1 percent of all disregarded earned income, while the standardized work expenses ($75 for full time employees) which applied to 41.4 percent of the families with nonassistance income accounted for only 22.7 percent of the disregarded earned income. Table 6 shows the amounts of disregarded income and the percentage of families having nonassistance income with specific disregards.

TABLE 6.—Percent of families with nonassistance income, total amount of income disregarded, by selected type of disregard, May 1981 and May 1982

Selected type of disregard	Percent of families with nonassistance income	Amount of disregard (in thousands)	Percent amount is of total
	May 1981		
Earned income disregard (total)	65.4	125,743	100.0
First $30 + 1/3 remaining income	65.3	72,209	57.4
	May 1982		
Earned income disregard (total)	43.6	24,822	100.0
Standard work expenses	41.4	5,627	22.7
Child care	9.9	4,268	17.2
$30 + 1/3 of remaining income	20.4	8,706	35.1

OBRA revised the order in which earned income is disregarded. In addition to other limitations set, the $30 plus 1/3 of remaining earned income now is deducted from net earned income after other disregards are applied. Thus, it accounted for only 35 percent of the earned income disregarded, down 39 percent from the 1981 proportion. Among families with earned income disregards, those with 30 and 1/3 represented less than half compared to nearly all in 1981.

AFDC payments

The AFDC payment represented 82 percent of all income (before disregards were applied) available to AFDC families in May 1981 and 91 percent in May 1982. The amount of the AFDC payment depends upon family size, the payment standard in effect, and other available income. The AFDC payment averaged $237 for the one adult/one child family in 1981 and $248 in May 1982, an increase of 4 percent. For the one adult/two child families, the payment averaged $290 in 1981 and $322 in 1982, an increase of 11 percent. The average AFDC payments by family size are shown in tables 7 and 8 for 1981 and 1982. Some of the variances which occur may be due to the geographical distribution of specific family sizes.

TABLE 7.—Average monthly AFDC payment: number of adults, by number of child recipients, May 1981

Child recipients	Adult recipients		
	None	One	Two
One	129.22	236.46	320.71
Two	210.42	289.96	387.17
Three	245.77	353.77	418.76
Four	319.19	364.05	430.54
Five	317.22	456.37	515.99
Six	#	464.10	514.57

#Average not computed; one or no sample cases.

TABLE 8.—Average monthly AFDC payment: number of adults, by number of child recipients, May 1982

Child recipients	Adult recipients		
	None	One	Two
One	129.22	248.03	346.72
Two	229.62	322.18	407.65
Three	280.64	359.70	428.51
Four	313.02	411.02	532.81
Five	428.81	412.83	537.13
Six	430.22	532.26	741.90

The Effects of OBRA

The major changes in case characteristics due to OBRA occurred only in relatively small subgroups of cases. The characteristics of the cases affected and the nature and extent of the effects are discussed in the following sections.

AFDC Cases With Earned Income

The major, mandatory OBRA provisions promoted the Administration's general goal of requiring fuller consideration of the non-assistance income received by AFDC families or available to them. By changing the way income is treated in determining AFDC eligibility and payment amount, the provisions were expected to have their greatest effect on AFDC cases which had other income in addition to their AFDC payment, especially earned income.

The expected effect of these and other income-related provisions was a reduction in the number of families with earned income eligible for AFDC and, for those families with income who remained eligible, a reduction in the amount of income disregarded when computing the payment amount. HHS had predicted that these changes would result in a monthly average of approximately 247,000 fewer cases with earnings receiving AFDC in FY 82 than would have received it under prior law.

The post-implementation data indicate that this estimate of the overall effect was accurate. Compared to May 1981, when about 11.8% of AFDC assistance units had earned income, only 5.7% had earned income in May 1982. This represents a decrease of about 242,000 cases.

Another measure of the combined effect of these income-related provisions is seen when the caretaker relative's employment status is examined. The percentage of cases with earnings in which caretaker relatives were employed full-time declined sharply from 51.2% in May 1981 to only 21.0% in May 1982. As a percentage of all cases, the incidence of full-time employed caretaker relatives declined from 5.9% in May 1981 to 1.2% in May 1982.[1] There was no change detected in the proportion of cases in which the caretaker relative had part-time or irregular employment, suggesting that the principal effect of the provisions was on those with relatively high income.

[1]The percentage of all AFDC cases with earnings is different from the percentage of all AFDC cases with an employed caretaker because some AFDC cases have earned income from other than the caretaker relative, e.g., spouse of the caretaker relative.

TABLE 1.—Comparison of Caretaker Relatives' Employment Status in May 1981 and May 1982

Employment Status	Percent of Total Caseload	
	May 1981	May 1982
Full-time	5.9%	1.2%
Part-time	3.7%	3.8%
Irregular	0.4%	0.3%
Total	10.0%	5.3%

All of the income provisions discussed below tended to affect the same families, i.e., those with earnings, so their independent effects cannot be entirely separated. However, to the extent possible, analyses of the more specific effects of the income provisions which contributed to this overall effect are provided below.

Gross Income Limitation

Under previous law there was no limit on the amount of gross income a family could have and remain eligible for AFDC. As long as a family's net income was below the need standard, after allowable disregarded amounts had been set aside, it was eligible for AFDC. Consequently, there were families receiving assistance that had monthly gross income well above the States' need standards. To correct this, OBRA provided that a family could not be eligible for AFDC if it had total income exceeding 150% of the State's need standard. Although the 150% test applies to both earned and unearned income, cases with unearned income would be largely unaffected because little unearned income, both prior to and after OBRA, is disregarded in determining the amount of the AFDC payment.

The effect of the 150% cap on income was seen in the shift which occurred in the amount of income earned by caretaker relatives. By reducing the number of higher income cases while leaving the lower income cases largely unaffected, cases at the lower end of the income spectrum would become a greater proportion of all cases. The data in Table 2 indicate that is what happened. Lower non-assistance income levels were more typical in May 1982. In May 1981, 24.8% of caretaker relatives in cases with earned income had earnings of $200 or less per month, while in May 1982, caretaker relatives with earnings of $200 or less represented 44.1% of all earned income cases. The impact on the amount of earnings is also clearly demonstrated at the high end of the income distribution. In May 1981, 24.2% of the caretaker relatives in cases with earned income had earnings of $600 or more per month while in May 1982 only 3.1% had earnings of that magnitude.

The average earnings of the caretaker relatives were also compared and, as expected, average monthly earnings declined—from about $391 in May 1981 to $244 in May 1982, a 38% decline.

TABLE 2.—AFDC Cases with Earnings by Amount of Earned Income of Caretaker Relative

Amount of Earnings	Percent of Cases with Earnings	
	May 1981	May 1982
$0	[1]4.0%	[1]6.3%
$1 - 200	24.8%	44.1%
$201 - 400	22.0%	27.7%
$401 - 600	25.1%	18.8%
Over $600	24.2%	3.1%
	100.0%	100.0%

[1]These are cases in which the earnings are from a recipient other than the caretaker relative.

Limiting the Duration of the $30 Plus One-Third of the Remaining Income to the First Four Consecutive Months with Earned Income

Recipients (not applicants) are allowed to disregard $30.00 of their earned income plus one-third of the remainder in computing their assistance payment: the $30 + 1/3 disregard. Whereas previously this disregard could be applied indefinitely, OBRA provided that application of the $30 + 1/3 disregard would be applied until it had been used four consecutive months by each individual with earned income in the assistance unit. Individuals could not become eligible for this disregard again until they had spent a period of at least twelve consecutive months not receiving AFDC.

The data did not permit direct measurement of the effect of this provision by measuring the change in the average time cases had received the $30 + 1/3 disregard because the samples were for one month only. However, the effect of this provision was expected to be a significant reduction in the number of earned income cases receiving this disregard, and information was available permitting that measurement.

Analysis of these data indicates that the effect of the four month limit on the income disregard was as expected. The proportion of all cases with earned income which had the $30 + 1/3 disregard applied decreased from 99.0% to 45.3% (Table 3).

Some of the effects described in the previous subsection, i.e., the reduction in cases with higher earnings, are, of course, also attributable to this provision and to the other provisions described below, since all reduced the amount of earnings which could be disregarded.

Standardizing the Work Expense Disregard at $75 per Month

Prior to the passage of OBRA, each State was permitted to establish its own rules for the types of work expenses (such as transportation, mandatory payroll deductions,, uniforms) which could be disregarded. All reasonable amounts for allowable work expenses, as defined by each State, were deducted from total earned income in computing income available to the case which is used in computing the AFDC payment.

In an effort to reduce AFDC benefit determination errors some States had adopted a policy of disregarding a flat amount for work expenses (although they were required to pay actual reasonable work expenses where those expenses exceeded the flat amount). With the passage of OBRA, a uniform standard of $75 per month for each full-time employed AFDC recipient was established. For recipients employed less than full time, States were required to establish their own procedure for determining and applying a disregard amount less than $75.

In May 1981, there was a substantial number of cases with earned income disregarded for both mandatory payroll deduction and for other work expenses, whereas in May 1982 almost all cases received only the work expense disregard of $75 or less.[2] Overall, the effect of this provision has been to reduce substantially the total amount of earnings disregarded for work expenses. Table 4 shows the amount of income disregarded as work expense at various income levels and for all earned income cases. Examination of the 'all case' data, for example, reveals that in May 1982, only 3.2% of the cases had work expenses in excess of $100 per month while in May 1981 over 33% of the cases had work expenses, including mandatory payroll deductions, in excess of $100 per month. Table 4 also shows the relative changes in the amount of income disregarded for a specific category of earned income. For instance, of those cases with earnings between $201 and $400, only 3.4% in May 1982 had disregarded income for work expenses in the range of $101 to $150 and none exceeded $150. In comparison, in May 1981, 6.3% had disregarded income for work expenses in the $101 to $150 range and another 3.6% exceeded $150.

[2]Approximately five percent (5%) of the cases with earned income in May 1982 received a disregard for mandatory payroll deduction because of a court case in New York (RAM vs. BLUM) which required that State to disregard both mandatory payroll deductions and the $75 work expenses disregard.

TABLE 3.—Earned Income Cases by Amount of Earned Income Disregarded for $30 + 1/3 of Remaining Income in May 1981 and May 1982

	Amount of Disregarded Income						
	$0	$1-50	$51-100	$101-150	$151-200	Over 200	Total
May 1981	4,263	42,493	80,567	69,321	83,432	142,244	422,320
	1.0%	10.1%	19.1%	16.4%	19.8%	33.7%	100.0%
May 1982	102,701	17,090	31,941	19,957	14,446	1,658	187,793
	54.7%	9.1%	17.0%	10.6%	7.7%	0.9%	100.0%

TABLE 4.—Earned Income Cases by Amount of Income Disregarded for Work Expenses in May 1981 and May 1982[1]

Amount of Earned Income	Amount of Income Disregarded for Work Expenses													
	$0		$1-50		$51-100		$101-150		$151-200		Over 200		Total	
	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982
$1-200	19.8%	8.2%	68.0%	61.8%	12.2%	29.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	106,225 100.0%	86,882 100.0%
$201-400	0.2%	4.1%	42.1%	49.6%	47.8%	43.0%	6.3%	3.4%	3.3%	0.0%	0.3%	0.0%	93,334 100.0%	53,584 100.0%
$401-600	2.3%	0.0%	7.8%	16.2%	46.3%	78.7%	28.1%	0.0%	11.3%	5.1%	4.2%	0.0%	98,878 100.0%	34,465 100.0%
Over 600	0.0%	0.0%	1.6%	0.0%	8.6%	74.0%	19.9%	3.8%	43.9%	22.2%	26.0%	0.0%	98,283	8,178 100.0%
All earned income cases	23,422 5.9%	9,338 5.1%	120,856 30.5%	86,028 46.2%	111,736 28.2%	82,996 45.1%	53,252 13.4%	2,124 1.2%	57,318 14.4%	3,624 2.0%	30,136 7.6%	0 0.0%	[2]396,720 100.0%	[3]184,109 100.0%

[1]Percentages based on row total. Work expenses are those defined by the State plan including mandatory payroll deductions. They do not include the $30 plus one-third disregard or child care expenses.

[2]Does not include 29,799 cases (7.0%) of the 426,519 cases with earned income where the amount of the work expense disregards was unknown.

[3]Does not include 6,086 cases (3.2%) of the 190,195 cases with earned income where the amount of the work expenses was unknown.

Revising the Order in Which Earned Income Disregards Are Deducted From Earnings

OBRA changed the order in which earned income disregards are deducted from earned income. Previously, the $30 + 1/3 disregard was made prior to the deduction of work related expenses. After OBRA, the work related expenses including child care are deducted first. The expected effect was a smaller disregard because the disregard is now computed against smaller amounts.

However, while the overall effect of OBRA was to reduce the total amount of the disregards, some cases with earned income were not adversely affected as the amount of earnings under pre-OBRA rules was less than the total amount of disregards and this cushion was sufficient to offset the effect of OBRA.

In analyzing the effect of the change in the order in which earned income disregards are deducted from earnings, an attempt was made to control for the effect of the 150% gross income limit discussed earlier. Changes in the amount of the earned income disregarded for cases with earnings by the amount of earned income were examined. Table 5 shows the percentage of cases with specified amounts of income disregarded within various income ranges. As expected, within income categories and overall, the total amount of income disregarded was usually less in May 1982 than in May 1981. For example in May 1981, 42% of the cases with earnings between $201 and $400 had between $201 and $300 of their earnings disregarded but in May 1982 only 16.9% of the cases with such earnings had between $201 and $300 of their earnings disregarded. A substantial portion of this change in the amount of earned income disregarded can be explained by the change in the order in which earned income disregards are deducted from earnings and the resultant reduction in the amount of income disregarded for the $30 + 1/3 income disregard discussed previously.

Limiting Dependent Care Expenses Disregard to $160 per Dependent per Month

Prior to OBRA, States paid actual reasonable dependent care expenses that were necessary for the recipient to be employed. OBRA established a cap of $160 per dependent per month for dependent care. (These costs are usually for child care and, for ease of inference, that term will be used.) Since data on child care costs in the surveys were available only on a "per family" and not a "per child" basis, the effects of the provision cannot be measured as directly as would be desirable. However, the provision could not affect a family with a full time worker that did not have at least $160 in child care expenses.

The provision did not have a strong general effect because only a small minority of cases had a total child care allowance of at least $160 and in May 1981 this included only 4% of cases with earnings. For these cases however the effect was strong. In May 1982 only 2% of those with earned income had a total child care allowance of $160 or more. (A total of more than $160 is allowable for cases with more than one child).

The overall percentage of earned income cases with a child care disregard declined from 31.2% in May 1981 to 22.4% in May 1982, although there was no change in the average amount of income disregarded. As discussed above, the $160 cap accounts for only a small portion of this overall decline. The major portion must be attributed to the combined effect of the other OBRA provisions.

TABLE 5.—Amount of Earned Income by Total Amount of Earned Income Disregarded in May 1981 and May 1982

Amount of Earned Income	Amount of Earnings Disregarded[1]													
	$0		$1-100		$101-200		$201-300		$301-400		Over 400		Total	
	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982	May 1981	May 1982
$1-200	2.4%	6.3%	68.5%	73.7%	29.0%	19.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	109,501 100.0%	89,343 100.0%
$201-400	0.0%	0.6%	0.3%	26.8%	50.5%	55.6%	42.0%	16.9%	7.2%	0.0%	0.0%	0.0%	99,047 100.0%	55,397 100.0%
$401-600	0.0%	0.0%	0.0%	21.1%	41.1%	13.0%	41.5%	53.5%	33.9%	12.4%	20.5%	0.0%	108,801 100.0%	37,278 100.0%
Over 600	0.0%	0.0%	0.0%	0.0%	0.4%	1.8%	2.7%	16.9%	21.0%	74.7%	75.8%	6.5%	105,236 100.0%	8,179 100.0%
Total	2,656 0.6%	6,032 3.2%	24,475 17.8%	88,594 46.6%	86,658 20.5%	53,601 28.2%	89,684 21.2%	30,705 16.1%	66,154 15.6%	10,735 5.6%	102,042 24.1%	530 0.3%	422,585 100.0%	190,197 100.0%

[1]Percentages based on row total.

Advance Earned Income Tax Credits (AEITC)

Prior to OBRA, States were required to count the advance payments workers may receive as an earned income credit from their employers (AEITC payments) as earned income. OBRA expanded this requirement to count AEITC payments, whether or not received, if individuals were eligible for them and could receive them from their employers. In May 1981, only about 4,000 cases had AEITC payments counted as income, whereas in May 1982 it is estimated that the number was about 60,000. Table 6 provides a breakdown of the AFDC cases with earned income that had the AEITC counted in May 1982 by the amount counted.

TABLE 6.—AFDC Earned Income Cases With AEITC Payments Counted—MAY 1982

Amount	Number of cases	Percent of total cases with earnings
NO AEITC	93,443	49.1%
$1 - 9	9,481	5.0%
$10-19	14,666	7.7%
$20-29	11,620	6.1%
$30-39	14,573	7.7%
$40-49	9,847	5.2%
Unknown	36,565	19.2%
Total	190,195	100.0%

AFDC Cases With a Stepparent Present in the Household

Prior to OBRA, a stepparent's income could not be assumed available to a child unless the State had a law holding the stepparent responsible to the same extent as a natural or adoptive parent. OBRA required States without such a law to count the income (after certain disregards) of the stepparent of an AFDC child, living in the same household as the child but not applying for assistance with the child, when determining eligibility and payment. (Stepparents in the assistance units already had their income counted in determining eligibility and payment.) For cases in which the stepparent is not included in the assistance unit, some of the stepparent's income is disregarded in determining the amount of his income available to meet the needs of the assistance unit. These disregards are as follows:

1) the first $75 of the gross earned income of the stepparent if employed full time (States must set a lower amount for part-time employment)
2) an amount equal to the State's need standard amount for a family group of the same composition as the stepparent and his non-assistance group dependents who are living in the same home;
3) amounts actually paid by the stepparent to individuals not living in the same household, but who are or could be claimed as dependents; and
4) alimony or child support payments to individuals not living in the same household.

HHS predicted that this provision would result in 124,000 AFDC households with a stepparent losing eligibility for AFDC. Our comparison of the number of AFDC cases with a stepparent in the household in May 1982 with May 1981 showed a decrease of about 131,000 cases.

Whether or not the family lost eligibility for AFDC was greatly influenced by whether or not the stepparent was a recipient. When stepparents were included in assistance units, either as the caretaker relative or the spouse of the caretaker relative, eligibility for AFDC was not significantly affected. This was expected, as the income of these stepparents was already included in the determination of eligibility for AFDC and the payment amount. When the stepparent was not in the assistance

unit, eligibility for AFDC was frequently lost. As shown by Table 7, the percentage of such cases declined by about 62.0% between May 1981 and May 1982, whereas the percentage of cases with a stepparent in the assistance unit did not change significantly.

In addition to the loss of AFDC eligibility, some cases which are eligible had their benefits reduced. In May 1982 there were approximately 11,000 cases with stepparents who had income deemed available to the assistance unit. HHS had projected that 12,000 cases would have income deemed. The amount of income deemed averaged $159.00 per month.

Lower Age Limit for Eligibility of Dependent Children

Prior to the passage of OBRA, States were permitted to provide AFDC for children age 18 through 20 if they were students regularly attending school or a vocational or technical course designed to prepare them for gainful employment. There were forty States including Guam and the District of Columbia which included coverage of these children in their State Plans. OBRA reduced the age for continued eligibility of dependent children to 17 or younger, or 18 if the child is a full-time student in a secondary school or in the equivalent level of vocational or technical training, and reasonably expected to complete the program before reaching age 19.

HHS predicted that this provision would cause 25,000 AFDC cases to become ineligible and would reduce benefits in another 76,000 cases. The actual effect is difficult to determine as some cases with the youngest child 18 years of age or older may have lost eligibility for other reasons. However, the number of cases with all children 18 or older did decline by over 16,000 cases from 40,752 cases in May 1981 to 24,254 in May 1982. In addition, in May 1981 there were 164,436 cases in which there was a child 18 or older as well as younger children in the unit, while in May 1982 there were only 90,818 such cases, a decline of 45%. Presumably, these were cases in which benefits were reduced because of the loss of eligibility of the over 18 year old child/children as well as because of the effect of the other OBRA provisions.

Despite the limitations of this provision, it was estimated that there were still about 16,000 recipient children who were 19 to 20 years old. These may be children who are eligible as essential persons. However, the data collected does not provide the basis of eligibility for these AFDC children.

Other OBRA Provisions

The OBRA provisions discussed in this analysis were those expected to have the greatest effect on eligibility and payment amount. Other provisions were expected to have comparatively much less impact for various reasons: either because their per case impact was slight; because they were expected to apply to only a small portion of the caseload; or because they were optional and not elected by a large number of States. Changes in characteristics associated with these provisions were consequently too small to allow reliable analysis of their effect.

TABLE 7.—AFDC Cases with a Stepparent in the Household by Recipient Status of Stepparent—May 1981 and May 1982

Sample month	Total cases	Total cases with a stepparent present	Recipient Status of Stepparent		
			Caretaker relative	Spouse of caretaker relative	Not in assistance unit
May 1981					
Number	3,709,590	244,137	15,979	24,279	204,377
percent	100.0%	6.6%	0.4%	0.7%	5.5%
May 1982					
Number	3,389,702	114,199	14,081	22,423	[1] 77,463
percent	100.0%	3.4%	0.4%	0.7%	2.3%

[1] This includes approximately 11,000 cases in which there was stepparent income deemed available to the assistance unit.

BLANK PAGE

Appendix A
Study Design and Reliability of the Estimates

Source of Data. Estimates are based on data contained in the quality control review schedules, work sheets and supporting documents for cases selected for review during the months of May 1981 and May 1982. The cases are representative of cases receiving payments in and for the study months excluding foster care. Cases had to be on the rolls as of the first of the month, i.e. cases approved for payment after the first of the month (partial payment cases) are excluded from the study universe. Data were abstracted from the quality control records onto a uniform coding schedule. As both study months predated the enhanced quality control system which is designed to provide data comparable to the biennial surveys, some key research variables such as race and ethnicity, designation of household head, relationships to head, residence, amounts of earnings by specific family member, etc. were not uniformly available.

Selection of study month. The month of May 1982 was selected because the majority of the provisions of OBRA 1981 had been implemented by all States by that time and May 1981 represented a current time frame for comparative purposes. Further, May 1981 was a representative month for continuation of the biennial series of recipient characteristics statistics.

Sample size. The quality control review period spans six months and each month, each State selects a prescribed probability sample of cases for review. The minimum required sample sizes range from 150 to 1200 cases per State depending upon the size of the caseload (universe) for the six month period or 25 to 200 cases per month. One month's sample is too small for State-specific analysis, thus this report was limited to national estimates. The number of AFDC families in the quality control universe and samples are shown by State for the two study months in Table A-1. For the study, each sample case was weighted based on the State universe. For example, the weighting factor for California was calculated as 2230.4155, i.e. 488,461 (the number of families in the universe) ÷ 219 (the number of cases in the sample). For the estimates generated for the demographic characteristics and financial circumstances, integer weights were assigned to facilitate data processing; K, the integer part of the calculated weight, and K + 1 were assigned systematically with a random start to the sample cases such that the sum of the weighted cases equalled the universe. Thus, in the California example, 58.4 percent of the cases were assigned 2230 as a weight and 41.6 percent were assigned a weight of 2231. National estimates were derived from the enumeration of inflated cases. Cases were weighted using the full four place decimal numbers for the estimates for the assessment of OBRA. Thus, there are small variances in some of the numbers between sections of the report.

TABLE A-1.—Number of AFDC families in the Quality Control Universe and in the Samples for May 1981 and May 1982

	May 1981		May 1982	
	Number of Families in			
State	Universe	Sample	Universe	Sample
Alabama	57,148	185	53,104	177
Alaska	6,500	29	3,587	30
Arizona	21,113	63	20,052	62
Arkansas	28,546	96	21,812	90
California	488,461	219	482,206	206
Colorado	28,200	80	24,864	69
Connecticut	47,331	156	41,983	137
Delaware	11,402	31	9,701	26
District of Columbia	28,461	89	23,582	70
Florida	93,955	200	84,662	194
Georgia	86,971	194	82,426	195
Hawaii	19,794	60	17,466	46
Idaho	6,903	28	6,357	28
Illinois	223,802	201	209,119	201
Indiana	60,519	193	53,689	175
Iowa	37,564	132	30,921	104
Kansas	25,587	79	20,749	66
Kentucky	64,308	200	53,031	182
Louisiana	67,205	193	58,921	198
Maine	19,890	61	16,367	49
Maryland	75,617	199	67,383	198
Massachusetts	123,749	163	100,694	189
Michigan	241,191	192	229,657	201
Minnesota	52,674	176	43,044	138
Mississippi	58,467	199	48,257	157
Missouri	71,390	213	60,430	214
Montana	7,195	27	5,678	29
Nebraska	12,856	37	12,158	35
Nevada	4,937	26	3,938	28
New Hampshire	7,877	26	6,892	27
New Jersey	153,158	196	132,040	203
New Mexico	18,547	56	17,652	58
New York	354,969	199	351,508	194
North Carolina	79,333	199	66,862	199
North Dakota	4,806	24	3,831	27
Ohio	196,363	207	184,939	208
Oklahoma	30,996	96	22,931	116
Oregon	32,967	112	28,223	75
Pennsylvania	210,654	213	193,490	214
Puerto Rico	47,485	158	55,535	90
Rhode Island	18,739	59	15,899	52
South Carolina	58,337	188	49,913	154
South Dakota	6,513	24	6,049	23
Tennessee	63,681	193	54,235	184
Texas	104,272	186	89,013	203
Utah	11,466	28	9,778	26
Vermont	8,416	25	7,350	24
Virginia	62,962	209	56,896	187
Washington	50,965	172	49,563	161
West Virginia	28,019	85	23,713	81
Wisconsin	84,579	194	75,206	190
Wyoming	2,751	16	2,348	24

Reliability of the estimates. The statistics in this report are estimates derived from a sample and are therefore subject to sampling and nonsampling errors. Sampling errors occur to the extent that the results would have been different if obtained from a complete enumeration of all cases. Nonsampling errors occur to the extent that there are errors of response and nonresponse. Particular care should be exercised in the interpretation of figures based on relatively small

numbers of cases as well as small differences between figures.

Response errors. Most of the information contained in the report, were initially derived from the case record, but, in contrast to the previous surveys, were verified by the quality control interview process and supporting documentation. Thus, the data are more reliable with respect to response errors than that obtained previously. Transcription and processing errors, however, did occur, but were minimal and corrected where possible.

Nonresponse errors. Virtually none of the items of data contained in the report were subject to unknown responses. Since the weighting factors were based on the numbers of sample cases submitted, the type of nonresponse error due to missing sample cases were controlled.

Sampling errors. As in all probability samples, such as the current study, the sampling variability can be estimated. The standard error is a measure of the variations that occur by chance because a sample, rather than the entire population, is surveyed. Table A-2 indicates the estimated standard errors for various percentages of U.S. families contained in this report. The standard errors are based on a simple random sample of approximately 0.1 percent or 3980 families in May 1981 and 3580 families in May 1982. The approximate national samples were derived by calculating a weighted standard error using the disproportionate strata of States and determining from that the approximate national sampling fraction. The national sampling fraction is equivalent to that of Pennsylvania with the fifth largest caseload and fifth smallest sampling fraction.

Standard errors have the following interpretation. The chances are 68 out of 100 that the estimate from the sample would not differ from a complete census figure by more than one standard error. The chances are about 95 out of 100 that the difference would not be more than two standard errors and about 99 out of 100 that the difference would not be more than 2.5 standard errors. Unless stated otherwise, all statements of comparison in this report are statistically significant at the 95-percent confidence interval. Table 8 of the demographic characteristics shows that 20 percent of the AFDC families had a grandparent in the household in May 1981. The standard error of estimate of 20.0 percent is given in Table A-2 as 0.63 percent. The chances are about 68 in 100 that this estimate does not differ from a complete enumeration by more than 0.63 percent and about 95 in 100 that this estimate does not differ by more than 1.26 percent. Thus, for example, one is 95-percent confident that the true percentage of families with grandparents in the household in May of 1981 was between 18.74 and 21.26 percent.

The standard errors for the estimated numbers of U.S. families shown in this report are approximately equal to the standard error of the associated percentage multiplied by the population total. The estimated

TABLE A-2.—Approximate standard error of estimated percentages[1] of AFDC families for May 1981 and May 1982

Estimated percentage (p)	Standard error	
	May 1981	May 1982
1	.16	.17
2	.22	.23
3	.27	.29
4	.31	.33
5	.35	.36
6	.38	.40
7	.40	.43
8	.43	.45
9	.45	.48
10	.48	.50
11	.50	.52
12	.52	.54
13	.53	.56
14	.55	.58
15	.57	.60
16	.58	.61
17	.60	.63
18	.61	.64
19	.62	.66
20	.63	.67
21	.65	.68
22	.66	.69
23	.67	.70
24	.68	.71
25	.69	.72
26	.70	.73
27	.70	.74
28	.71	.75
29	.72	.76
30	.73	.77
31	.73	.77
32	.74	.78
33	.75	.79
34	.75	.79
35	.76	.80
36	.76	.80
37	.77	.81
38	.77	.81
39	.77	.82
40	.78	.82
41	.78	.82
42	.78	.82
43	.78	.83
44	.79	.83
45	.79	.83
46	.79	.83
47	.79	.83
48	.79	.83
49	.79	.84
50	.79	.84

[1]For percentages (p) greater than 50, the standard error is equal to 100-p.

743,169 families with grandparents in the household has a standard error of 23,370 (3,709,590 × 0.63 percent). Thus, one is 95-percent confident that the true number of families with a grandparent in the household is between 696,429 and 789,909.

Standard errors for subsets of the population. For tables based on subsets of the population e.g. fathers or mothers in the home or earned income cases, the appropriate standard errors of the estimates can be computed by taking the square root of the sample size

of families divided by the approximate sample size (based on 0.107 percent for 1981 and 0.106 percent for 1982). Thus, in the instance of earned income cases in 1981, the standard error of a given percentage is approximately $\sqrt{3980/468}$ or 2.9 times the standard error for all families shown in Table A-2.

For tables based on individuals within families such as recipient children, the foregoing approximation for the standard errors does not apply. Although the sample size for these groups are greater than the number of families, the percentages can be no more precise than if those persons or clusters were chosen as independent samples equal to the sample size for families.

Significant differences at the 95 percent confidence level between the U.S. caseload percentage estimates for 1981 and 1982.

The standard error for the differences between two independent percentates is equal to:

$$\sqrt{P_1(1 - P_1)/n_1 + P_2(1 - P_2)/n_2}$$

where P_1 and P_2 represent the two percentages and n_1 and n_2 the corresponding sample sizes. Table A-3 shows the percentage values beyond which differences are significant between the U.S. estimates for 1981 and 1982 and Tabie A-4 shows those values between earned income cases in 1981 and 1982.

TABLE A-3.—Significant differences for percentage values between the May 1981 and the May 1982 QC samples

Estimated percentage	Percentage value at which differences become significant		Estimated percentage	Percentage value at which differences become significant	
	Upper	Lower		Upper	Lower
1	1.6	0.6	51	53.3	48.7
2	2.7	1.4	52	54.3	49.7
3	3.9	2.2	53	55.3	50.7
4	5.0	3.1	54	56.3	51.7
5	6.1	4.0	55	57.3	52.7
6	7.2	4.9	56	58.3	53.7
7	8.2	5.8	57	59.3	54.7
8	9.3	6.8	58	60.3	55.7
9	10.4	7.7	59	61.3	56.7
10	11.4	8.6	60	62.3	57.7
11	12.5	9.6	61	63.2	58.7
12	13.6	10.5	62	64.2	59.7
13	14.6	11.5	63	65.2	60.8
14	15.7	12.4	64	66.2	61.8
15	16.7	13.4	65	67.2	62.8
16	17.7	14.3	66	68.2	63.8
17	18.8	15.3	67	69.2	64.8
18	19.8	16.3	68	70.1	65.8
19	20.9	17.2	69	71.1	66.8
20	21.9	18.2	70	72.1	67.9
21	22.9	19.1	71	73.1	68.9
22	23.9	20.1	72	74.1	69.9
23	25.0	21.1	73	75.0	70.9
24	26.0	22.1	74	76.0	71.9
25	27.0	23.0	75	77.0	73.0
26	28.1	24.0	76	77.9	74.0
27	29.1	25.0	77	78.9	75.0
28	30.1	25.9	78	79.9	76.1
29	31.1	26.9	79	80.9	77.1
30	32.1	27.9	80	81.8	78.1
31	33.2	28.9	81	82.8	79.1
32	34.2	29.9	82	83.7	80.2
33	35.2	30.8	83	84.7	81.2
34	36.2	31.8	84	85.7	82.3
35	37.2	32.8	85	86.6	83.3
36	38.2	33.8	86	87.6	84.3
37	39.2	34.8	87	88.5	85.4
38	40.3	35.8	88	89.5	86.4
39	41.3	36.8	89	90.4	87.5
40	42.3	37.8	90	91.4	88.6
41	43.3	38.7	91	92.3	89.6
42	44.3	39.7	92	93.2	90.7
43	45.3	40.7	93	94.2	91.8
44	46.3	41.7	94	95.1	92.8
45	47.3	42.7	95	96.0	93.9
46	48.3	43.7	96	96.9	95.0
47	49.3	44.7	97	97.8	96.1
48	50.3	45.7	98	98.6	97.3
49	51.3	46.7	99	99.4	98.4
50	52.3	47.7			

TABLE A-4.—Significant differences for percentage values between the May 1981 and the May 1982 earned income cases

Estimated percentage	Percentage value at which differences become significant		Estimated percentage	Percentage value at which differences become significant	
	Upper	Lower		Upper	Lower
1	3.8	0.0	51	59.1	42.8
2	5.4	0.4	52	60.1	43.8
3	6.8	0.9	53	61.1	44.8
4	8.2	1.5	54	62.1	45.8
5	9.5	2.1	55	63.0	46.8
6	10.8	2.8	56	64.0	47.8
7	12.1	3.5	57	65.0	48.8
8	13.3	4.2	58	65.9	49.8
9	14.5	5.0	59	66.9	50.8
10	15.7	5.8	60	67.8	51.8
11	16.9	6.5	61	68.8	52.8
12	18.1	7.3	62	69.7	53.8
13	19.2	8.1	63	70.7	54.9
14	20.4	8.9	64	71.6	55.9
15	21.5	9.8	65	72.5	56.9
16	22.7	10.6	66	73.5	58.0
17	23.8	11.4	67	74.4	59.0
18	24.9	12.3	68	75.3	60.0
19	26.0	13.1	69	76.2	61.1
20	27.1	14.0	70	77.1	62.1
21	28.2	14.8	71	78.0	63.2
22	29.3	15.7	72	78.9	64.2
23	30.4	16.6	73	79.9	65.3
24	31.5	17.5	74	80.7	66.4
25	32.6	18.4	75	81.6	67.4
26	33.6	19.3	76	82.5	68.5
27	34.7	20.2	77	83.4	69.6
28	35.8	21.1	78	84.3	70.7
29	36.8	22.0	79	85.2	71.8
30	37.9	22.9	80	86.0	72.9
31	38.9	23.8	81	86.9	74.0
32	40.0	24.7	82	87.7	75.1
33	41.0	25.6	83	88.6	76.2
34	42.0	26.5	84	89.4	77.3
35	43.1	27.5	85	90.2	78.5
36	44.1	28.4	86	91.1	79.6
37	45.1	29.3	87	91.9	80.8
38	46.2	30.3	88	92.7	81.9
39	47.2	31.2	89	93.5	83.1
40	48.2	32.2	90	94.2	84.3
41	49.2	33.1	91	95.0	85.5
42	50.2	34.1	92	95.8	86.7
43	51.2	35.0	93	96.5	87.9
44	52.2	36.0	94	97.2	89.2
45	53.2	37.0	95	97.9	90.5
46	54.2	37.9	96	98.5	91.8
47	55.2	38.9	97	99.1	93.2
48	56.2	39.9	98	99.6	94.6
49	57.2	40.9	99	100.0	96.2
50	58.2	41.8			

U.S. Department of Health and Human Services
Social Security Administration
Office of Family Assistance
Office of Policy & Evaluation
2100 2nd St., S.W.
Washington, D.C. 20201

Official Business
Penalty for private use, $300

Return this sheet to above address if you do **not** want to receive this material ☐
or if change of address is needed ☐
(indicating change, including **ZIP** code).

SSA Publication No. 13-11731
January 1985

Postage and fees paid
U.S. Department of H.H.S.
HHS 397

THIRD CLASS

BEST COPY AVAILABLE